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To: Members of the Michigan House of Representatives Committee on House Oversight and Ethics

From: Neil Mac Vicar, Vice President
MHA Unemployment Compensation Program
Michigan Health & Hospital Association
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Date: February 17, 2016

Re: House Bill 4982 — Proposed Amendments
Committee Hearing: February 18, 2016

As you are aware, House Oversight and Ethics Standing Committee is currently considering House Bill 4982 which amends the Michigan Employment Security Act [MES Act]. In this correspondence, I would like to recommend a few changes/amendments to HB 4982. In addition, I would like to recommend another amendment to the MES Act that is related to the bill under consideration.

In the following paragraphs, I will set forth our recommendations for amending the current HB 4982, and provide rationale for each recommendation:

I. Notice for Finding of Fraud — Section 32a:

- To avoid confusion, the fine or penalty provision of section 54 and the interest assessment in Section 62 should be addressed separately.
- A requirement to show good cause for a failure to respond to the initial adjudication should be added before allowing the additional time, which a second notice provides.
- Additional language is required in order to provide the Unemployment Insurance Agency additional time to confer and collect, in light of the additional time being provided under the statute.

The following accomplishes our proposed recommendations:

Notwithstanding the appeal periods in subsection (1) and (3), if a determination or redetermination includes an assessment of a fine, INTEREST OR OTHER PENALTY UNDER EITHER SECTION 54 OR SECTION 62, and the claimant or employer does not respond to the first notification. The Unemployment Agency shall send a second notification by certified mail indicating that the person has 30 days to appeal the determination or redetermination. ~~before the fine begins to accrue.~~ THE SECOND NOTIFICATION WILL INDICATE THAT ANY FINE AND PENALTIES UNDER SECTION 54 WILL ATTACH AS OF THE DATE OF THE INTITIAL NOTICE UNLESS THE PERSON CAN ESTABLISH GOOD CAUSE FOR FAILURE TO TIMELY APPEAL THE INTITIAL DETERMINATION OR REDTERMINATION. IF APPLICABLE, THE SECOND NOTICE WILL INDICATE THAT INTEREST ASSESSED UNDER SECTION 62 WILL ACCRUE AS OF THE DATE OF THE INITIAL NOTICE UNLESS THE PERSON

CAN ESTABLISH GOOD CAUSE FOR THE FAILURE TO TIMELY APPEAL THE INTITIAL DETERMINATION OR REDETERMINATION. FOR THE PURPOSE OF THE UNEMPLOYMENT AGENCYS ENFORCEMENT AND COLLECTIONS OF FINES, PENALTIES AND INTEREST, THE TIME LIMITS SET FORTH IN SECTION 62(A) WILL COMMENCE ON THE DATE OF THE INTITIAL DETERMINATION RO REDTERMINATION, OR THE DATE OF THE FINAL ADJUDICATION ARISING FROM A SECOND NOTICE REFERRED TO IN THIS SUBSECTION, WHICHEVER IS LATER.

II. Notice for Finding of Fraud — Section 54(M):

No objection to proposed change.

III. Notice for Finding of Fraud — Section 62(F):

No objection to proposed change.

IV. Further Amendment to Section 62(b):

For the purpose of effecting a cancellation of a claim or the prohibition of unreported wages being used to establish a benefit year for a successive claim within this subsection, an adjudication finding a false statement, misrepresentation or concealment of material information can be made independently from an adjudication of fraud under Section 54.